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DE RUEHPS #0062/01 0391802
ZNY CCCCC ZZH
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FM USOFFICE PRISTINA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7979
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEHNO/USMISSION USNATO PRIORITY 1009
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 1411
RHFMISS/AFSOUTH NAPLES IT PRIORITY
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RHEHNSC/NSC WASHDC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RUZEJAA/USNIC PRISTINA SR PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 PRISTINA 000062

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E.O. 12958: DECL: 02/08/2018
TAGS: [KDEM](#) [PGOV](#) [PINR](#) [EAID](#) [PHUM](#) [SOCI](#) [KV](#) [UNMIK](#)
SUBJECT: KOSOVO: GOVERNMENT PROJECTS TO BENEFIT THE SERB
COMMUNITY

Classified By: COM Tina S. Kaidanow for reasons 1.4 (b), (d)

11. (C) SUMMARY: COM and USOP/USAID team met February 8 with the PM Thaci, Deputy PM Kuci, Finance Minister Shala, and other members of the government, including the Kosovo Serb ministers, to discuss measures the Kosovo government could take to provide support to the Serb community. Chief among these will be the establishment of an Office for Communities (OPMC) in the Prime Minister's office; during the meeting, both sides agreed on its basic parameters. The OPMC will be headed by a Kosovo Serb and will have staff dedicated to dealing with property issues and economic assistance projects for non-Albanian communities. Project financing will be carried out via a "trust fund," into which the government can put money for programs carried out by implementing partners. Aside from the OPMC, other measures discussed included a possible payout of PISG salaries for Kosovo Serb employees who were forced by Belgrade to forego them in 2006; intensified PISG support for the Reconstruction Implementation Commission, which renovates Serbian Orthodox churches; continued government outreach at all levels to the Serb community, and concrete action to protect from development two key Serb cultural sites - the Gazimestan monument to the 1389 Battle of Kosovo and the Visoki Decani monastery. END SUMMARY.

12. (C) COM, accompanied by USAID Mission Director and other staff, met February 8 with PM Hashim Thaci, Deputy PM Hajredin Kuci, Finance Minister Ahmet Shala, PM Chief of Staff Bekim Collaku, leader of the Kosovo Serb Independent Liberal Party (SLS) Slobodan Petrovic, and member of the Kosovo Assembly Presidency, who was accompanied by the two SLS ministers in the government, Minister for Returns and Communities Boban Stankovic and Minister for Labor and Social Welfare Nenad Rasic. The meeting was called to discuss concrete measures the Kosovo Government could take to reach out to Kosovo's Serb community. Chief among these is the establishment of an empowered, effective Office of Communities within the Prime Minister's Office (OPMC).

The Office for Communities

13. (C) Thaci opened the meeting by noting that he had

publicly promised to establish the OPMC a few weeks ago. Agreeing that it was time for Thaci to follow through on his pledge, COM introduced a USOP concept paper for the OPMC (e-mailed to EUR/SCE), and underscored that the establishment - and empowerment - of this office was a key measure the government could take to reach out to Serbs and other minorities. COM and the PM agreed that it made most sense to have a Kosovo Serb head the office, and that he or she should have two deputies - one Albanian and one member of a non-Serb minority community. COM promised to consult widely with USOP/USAID contacts to produce a list of possible candidates, and Thaci, along with the SLS members present, also promised to find candidates of their own. Both sides agreed this needed to be done deliberately in order to find the best candidate, but that it had to be done quickly, within a matter of days.

14. (C) Discussion then focused on the basic OPMC structure.

The director would report to the Prime Minister; under the director would be several sub-sections, each of which would deal with specific areas. COM emphasized that OPMC was not intended to compete with existing ministries (such as the Ministry for Returns and Communities, which has chief formal responsibility for community affairs) or duplicate other government functions. Rather, OPMC should play the role of coordinator among relevant government actors, and be properly empowered to do so. One sub-section would be occupied with property claims issues, liaising with the Ministry of Local Government, the Kosovo Property Agency (KPA), municipal governments, NGOs, and other appropriate actors involved in property cases. Another subsection would deal with economic and social assistance programs for non-Albanian communities. In this area, COM offered to help form an advisory panel,

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which would help OPMC generate project ideas and identify community needs.

Trust Fund for Minorities

15. (C) There was considerable discussion of the means to finance assistance projects to benefit Kosovo Serb and other minority communities, particularly given the government's limited capacity to implement projects quickly and efficiently, as well as the growing pressure from Belgrade on Serb communities to avoid any contacts with or financing from the PISG. COM proposed the establishment of a trust fund for minorities into which Kosovo government funding could be placed; under a legal agreement with specific donors, the government could disburse funds for projects after mutual agreement that the projects were worthwhile. The OPMC could help identify project ideas, while the Ministry of Finance would retain control over the funds themselves. Such a model would help ensure that projects met donors' strict accountability standards, and give the appropriate partner donor a chance to leverage bilateral assistance projects with government funds. Shala and USAID Mission Director agreed to work out a first model agreement and Shala said he would work with us determine how much money could be devoted to the trust fund from Kosovo's 2008 budget, with some funds to be allocated now and more during the mid-year budget review in June.

Further Measures

16. (C) COM reviewed several other ideas which also found quick government acceptance. She suggested an announcement by the Prime Minister that the government would create a claims mechanism to disburse -- without any conditions -- the PISG salaries of Kosovo Serb government employees who were forced in March 2006 by Belgrade to give up this second source of income and accept only payments from Belgrade-based ministries. (Note: The salaries have been held continuously in an escrow account by the PISG since March 2006; the commitment to keep the money in escrow was open-ended, but as a practical matter the government cannot keep the salaries

flowing into the escrow account for years. Establishing a payout scheme would therefore benefit Serbs directly, should they choose to take the money, and also allow the government to put a defined end to the escrow payments, probably the end of calendar year 2008.) Thaci and Shala supported the idea, and Shala offered the further refinement that if, after the end of 2008, some claimants did not come forward, the money could be rolled into the OPMC trust fund. Shala also noted that some Kosovo Serb government employees had been secretly taking their pay all along; to preserve Serbs' ability to maintain their Belgrade-based salaries, all parties agreed that proper measures needed to be taken to protect the confidentiality of claimants.

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¶7. (C) Remaining ideas involved reinforcing Kosovo's participation in the Reconstruction Implementation Commission (RIC), which is responsible for rebuilding Serbian Orthodox Churches destroyed in the March 2004 riots (and increased financial and practical measures to enhance church security), continued outreach efforts to reassure Kosovo Serbs at all levels of government, and concrete action to protect important Serb cultural and religious sites. On this last point, COM emphasized the need for action in two specific areas - the removal of a partly-constructed supermarket located inside the Ahtisaari-mandated special zoning area of the Gazimestan monument, and the need to drop or significantly modify plans for construction of a Decani-Plav road which might affect the zoning area around the Visoki Decani monastery in western Kosovo.

Thaci's Buy-In

¶8. (C) Thaci said he would "get involved" in the supermarket issue personally and ensure the road project was closely monitored by Transport Minister Fatmir Limaj. Turning to the

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RIC, Thaci said that both Kosovo's participation in the process and the current initiative undertaken by the Kosovo Police Service (KPS) to protect vulnerable RIC sites would continue.

Petrovic: Committed to Staying In

¶9. (C) SLS leader Slobodan Petrovic also expressed his gratitude for the discussion, thanking Thaci and congratulating him on his February 5 visit to a Serb family in Lipljan municipality (reported via Pristina Bullets of February 6). He also thanked USOP for its strong and ongoing support of the SLS. Petrovic reiterated the SLS's commitment to staying in the government -- with obvious reference to the independence declaration ahead -- and supporting its work. He noted that such a stance would "displease many" in the Serb community and in Belgrade. He then called for the head of the OPMC to be qualified and reliable, emphasizing that the political orientation of its director was less important than his or her suitability for the job. Both COM and Thaci told Petrovic they understood the intense pressure under which Petrovic and the other SLS members of government are operating.

COMMENT

¶10. (C) Thaci and his ministers have been consistently engaged during their short tenure in reaching out to the Serb community, and they have been responsive to our suggestions and guidance. Their capacity for project implementation and their connections to the Serb community are limited, for reasons having to do with Belgrade pressure as well as their own lack of credibility with local Serbs. We can serve as intermediaries, providing implementation assistance and local contacts, and any joint funding agreement we conclude can serve as a model for similar arrangements with other key donors. Both we and Kosovo -- but most particularly the Serb

community -- can benefit from such a coordinated approach.
End comment
KAIDANOW